

Message Text

CONFIDENTIAL

PAGE 01 LONDON 20143 131820Z
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00 USIE-00
CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01
PRS-01 SP-02 SS-15 TRSE-00 OMB-01 EB-07 SAJ-01 ACDA-07
/068 W

----- 112887 /42

O R 131807Z DEC 76
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 8704
SECDEF IMMEDIATE
INFO USMISSION NATO BRUSSELS
USCINCEUR
USNMR SHAPE

C O N F I D E N T I A L LONDON 20143

E.O. 11652: GDS
TAGS MPOL, UK
SUBJECT: NEW UK DEFENSE CUTS

REF: LONDON 19483

1. A STORM BLEW UP IN THE PRESS OVER THE WEEKEND CONCERNING ANOTHER ROUND OF DEFENSE CUTS. IN RESPONSE TO WHAT ALMOST CERTAINLY WILL BE THE FOURTH CUTBACK IN DEFENSE SPENDING SINCE THE LABOR GOVERNMENT TOOK OFFICE IN 1974, THE CHIEFS OF STAFF -- ACCOMPANIED BY FRED MULLEY -- TOOK THE RARE STEP OF LODGING FORMALLY TO THE PRIME MINISTER ON FRIDAY NIGHT THEIR PROTEST AGAINST THE SIZE OF THE PROPOSED NEW CUTS. IT IS REPORTED THAT THIS IS THE FIRST TIME IN PEACETIME SINCE 1921 THAT THE CHIEF OF THE DEFENSE STAFF ACCOMPANIED BY THE CHIEFS OF THE THREE SERVICES HAVE COLLECTIVELY USED THEIR RIGHT OF DIRECT ACCESS TO THE PM TO LODGE THEIR CONCERN. A MEETING OF THE CABINET ON TUESDAY WILL PUT FINAL TOUCHES ON THE ECONOMIC PACKAGE WHICH WILL BE ANNOUNCED BY HEALEYIN HIS MINI-BUDGET ON WEDNESDAY. DEFENSE CUT FOR 1977-78 IS REPORTED AT 100 MILLION POUNDS. RUMOR HAS IT THAT A FOLLOW-UP CUT IN 1978-79 OF UP TO 200 MILLION POUNDS IS BEING CONSIDERED. OUR SOURCES IN THE MOD, HOWEVER, TEND TO DISCOUNT THE LIKELIHOOD OF "TWO CUTS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 20143 131820Z

AT THE SALAMI" AND HINT THAT THE PRIMARY PURPOSE OF THE

SERVICE CHIEFS' VISIT TO THE PM WAS TO FEND OFF ADDITIONAL CUTS IN 1978-79.

2. WHILE THE LEFT-WING CONTINUES TO CALL FOR SUBSTANTIAL CUTS IN DEFENSE SPENDING -- AND THREATENS REVOLT IF DEFENSE'S SHARE OF THE CUTS DOES NOT EQUAL THOSE BEING IMPOSED ON THE SOCIAL SERVICES -- THE CONSERVATIVE OPPOSITION IS CALLING FOR FRED MULLEY'S RESIGNATION ON THE SCORE THAT IF FURTHER CUTS ARE IMPLEMENTED THEN MULLEY WILL HAVE LOST "THE CONFIDENCE" OF HIS DEFENSE CHIEFS. IAN GILMOUR (SHADOW CABINET SPOKESMAN FOR DEFENSE) CALLED FOR MULLEY'S RESIGNATION "...IF NEW CUTS ARE IMPOSED..." AND SAID THAT HE HAD THE AUTHORITY OF MARGARET THATCHER AND THE SHADOW CABINET TO GIVE AN UNEQUIVOCAL UNDERTAKING THAT "...WE WILL SPEND WHATEVER IS NECESSARY ON STRENGTHENING OUR DEFENSES..." WHILE ACCEPTING THE NECESSITY OF PUBLIC EXPENDITURE CUTS "ELSEWHERE."

3. OUR SOURCES INDICATE THAT THE CHIEFS OF STAFF "ACCEPT" THE POLITICAL NECESSITY FOR ANOTHER CUT BUT WISH TO PLACE ON RECORD THE IMPORTANCE THEY ATTACH TO ITS BEING "SYMBOLIC" AND HENCE "SMALL." IN THE CONTEXT OF THE TOTAL MINI-BUDGET CUTS IN PUBLIC EXPENDITURE OF ABOUT 1 BILLION POUNDS, A CUT OF, SAY, 100 MILLION POUNDS IS VIEWED BY THE GOVERNMENT AS MODEST. WE HAVE BEEN TOLD BY A NUMBER OF SENIOR MOD OFFICIALS THAT IT WOULD BE WRONG TO READ "TOO MUCH INTO THE VISIT" OF THE CHIEFS OF STAFF TO THE PRIME MINISTER. ALSO, OUR SOURCES HAVE EMPHASIZED THAT THE CHIEFS' ACTION SHOULD NOT BE INTERPRETED AS "A VOTE OF NO CONFIDENCE" IN MULLEY. RATHER THEIR PURPOSE APPARENTLY WAS TO REINFORCE STRONGLY THE SERIOUS IMPLICATIONS OF FURTHER CUTS ON DEFENSE CAPABILITIES PER SE AND TO DRAW ATTENTION TO THE FACT THAT "A LINE HAD TO BE DRAWN SOMEWHERE."

4. ALL OF OUR CONTACTS IN MOD EMPHASIZED THAT PARLIAMENTARY PRIVILEGE PRECLUDES DISCUSSION OF A NUMBER OF POINTS AND THAT THEY ARE UNDER STRICT ORDERS NOT TO "SPECULATE" OR TO DISCUSS "DETAILS."

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 20143 131820Z

ARMSTRONG

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, MILITARY BUDGET, AMENDMENTS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LONDON20143
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760459-0099
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761249/aaaabpxo.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 LONDON 19483
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2004 by ellisoob>; APPROVED <04 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW UK DEFENSE CUTS
TAGS: MPOL, UK
To: STATE DOD
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006